

# Senate Study Bill 3272

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CO=CHAIRPERSON BOLKCOM)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the percentage of actual value at which  
2 residential property and certain commercial property are  
3 assessed for purposes of property taxation and providing an  
4 annual appropriation for a specified number of years to  
5 replace commercial property revenues lost to counties and  
6 cities.  
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
8 TLSB 6631XK 81  
9 sc/je/5

PAG LIN

1 1 Section 1. NEW SECTION. 426C.1 REPLACEMENT FUND CREATED.  
1 2 A commercial property replacement fund is created under the  
1 3 control of the department of revenue. For the fiscal period  
1 4 beginning July 1, 2008, and ending June 30, 2013, there is  
1 5 appropriated annually from the general fund of the state to  
1 6 the department of revenue to be credited to the commercial  
1 7 property replacement fund the sum of eighteen million dollars.  
1 8 Any balance in the fund on June 30 shall revert to the general  
1 9 fund of the state.  
1 10 Sec. 2. NEW SECTION. 426C.2 REPLACEMENT.  
1 11 For the fiscal year beginning July 1, 2008, through the  
1 12 fiscal year ending June 30, 2013, each county treasurer shall  
1 13 be paid from the commercial property replacement fund an  
1 14 amount equal to the amount of the commercial property  
1 15 replacement claim calculated in section 426C.3.  
1 16 If the amount appropriated to the commercial property  
1 17 replacement fund for a fiscal year is insufficient to pay all  
1 18 claims, the director shall prorate the disbursements to the  
1 19 county treasurers and shall notify the county auditors of the  
1 20 pro rata percentage on or before September 30.  
1 21 Sec. 3. NEW SECTION. 426C.3 COMPUTATION OF REPLACEMENT  
1 22 CLAIM.  
1 23 1. On or before July 1, 2008, the county auditor shall  
1 24 prepare a statement listing for the county and each city in  
1 25 the county:  
1 26 a. The difference between the assessed value of the  
1 27 property defined in section 441.21, subsection 5, paragraph  
1 28 "c", as assessed on January 1, 2006, and the assessed value of  
1 29 such property as assessed pursuant to section 441.21,  
1 30 subsection 5, paragraph "b", for the assessment year beginning  
1 31 January 1, 2007.  
1 32 b. The tax levy rate for the county and each city  
1 33 certified for the fiscal year beginning July 1, 2007.  
1 34 c. The commercial property replacement claim for the  
1 35 county and each city, which is equal to the amount determined  
2 1 pursuant to paragraph "a" multiplied by the tax rate specified  
2 2 in paragraph "b".  
2 3 2. The county auditor shall certify and forward one copy  
2 4 of the statement to the department of revenue not later than  
2 5 July 1, 2008. The amount certified by the auditor for the  
2 6 fiscal year beginning July 1, 2008, shall be the amount of the  
2 7 replacement claim for each fiscal year of the fiscal period  
2 8 beginning July 1, 2008, and ending June 30, 2013.  
2 9 Sec. 4. NEW SECTION. 426C.4 REIMBURSEMENT.  
2 10 Each county treasurer shall be reimbursed an amount equal  
2 11 to the commercial property replacement claim for that county  
2 12 determined pursuant to section 426C.3, subsection 1, paragraph

2 13 "c". The reimbursement shall be made in two equal  
2 14 installments on or before September 30 and March 31 of each  
2 15 year. The county treasurer shall apportion the disbursement  
2 16 to the county and to each city in the county, as applicable,  
2 17 in the manner provided in section 445.57.  
2 18 Sec. 5. Section 441.21, subsection 4, Code 2005, is  
2 19 amended by adding the following new unnumbered paragraph:  
2 20 NEW UNNUMBERED PARAGRAPH. For valuations established as of  
2 21 January 1, 2007, and each year thereafter, the percentage of  
2 22 actual value, as equalized by the director of revenue as  
2 23 provided in section 441.49, at which residential property  
2 24 shall be assessed shall not be less than forty-six percent.  
2 25 If the percentage of actual value of residential property as  
2 26 calculated in accordance with this subsection is less than  
2 27 forty-six percent, the director of revenue shall increase the  
2 28 percentage to forty-six percent. For purposes of determining  
2 29 valuations in the assessment year beginning January 1, 2008,  
2 30 and for each subsequent assessment year, the percentage for  
2 31 the prior year as determined under this subsection before  
2 32 adjustment under this paragraph, if necessary, shall be the  
2 33 percentage used in making the calculation of the dividend for  
2 34 that assessment year.  
2 35 Sec. 6. Section 441.21, subsection 5, Code Supplement  
3 1 2005, is amended to read as follows:  
3 2 5. a. For valuations established as of January 1, 1979,  
3 3 commercial property and industrial property, excluding  
3 4 properties referred to in section 427A.1, subsection 7, shall  
3 5 be assessed as a percentage of the actual value of each class  
3 6 of property. The percentage shall be determined for each  
3 7 class of property by the director of revenue for the state in  
3 8 accordance with the provisions of this section. For  
3 9 valuations established as of January 1, 1979, the percentage  
3 10 shall be the quotient of the dividend and divisor as defined  
3 11 in this section. The dividend for each class of property  
3 12 shall be the total actual valuation for each class of property  
3 13 established for 1978, plus six percent of the amount so  
3 14 determined. The divisor for each class of property shall be  
3 15 the valuation for each class of property established for 1978,  
3 16 as reported by the assessors on the abstracts of assessment  
3 17 for 1978, plus the amount of value added to the total actual  
3 18 value by the revaluation of existing properties in 1979 as  
3 19 equalized by the director of revenue pursuant to section  
3 20 441.49. For valuations established as of January 1, 1979,  
3 21 property valued by the department of revenue pursuant to  
3 22 chapters 428, 433, 437, and 438 shall be considered as one  
3 23 class of property and shall be assessed as a percentage of its  
3 24 actual value. The percentage shall be determined by the  
3 25 director of revenue in accordance with the provisions of this  
3 26 section. For valuations established as of January 1, 1979,  
3 27 the percentage shall be the quotient of the dividend and  
3 28 divisor as defined in this section. The dividend shall be the  
3 29 total actual valuation established for 1978 by the department  
3 30 of revenue, plus ten percent of the amount so determined. The  
3 31 divisor for property valued by the department of revenue  
3 32 pursuant to chapters 428, 433, 437, and 438 shall be the  
3 33 valuation established for 1978, plus the amount of value added  
3 34 to the total actual value by the revaluation of the property  
3 35 by the department of revenue as of January 1, 1979. For  
4 1 valuations established as of January 1, 1980, commercial  
4 2 property and industrial property, excluding properties  
4 3 referred to in section 427A.1, subsection 7, shall be assessed  
4 4 at a percentage of the actual value of each class of property.  
4 5 The percentage shall be determined for each class of property  
4 6 by the director of revenue for the state in accordance with  
4 7 the provisions of this section. For valuations established as  
4 8 of January 1, 1980, the percentage shall be the quotient of  
4 9 the dividend and divisor as defined in this section. The  
4 10 dividend for each class of property shall be the dividend as  
4 11 determined for each class of property for valuations  
4 12 established as of January 1, 1979, adjusted by the product  
4 13 obtained by multiplying the percentage determined for that  
4 14 year by the amount of any additions or deletions to actual  
4 15 value, excluding those resulting from the revaluation of  
4 16 existing properties, as reported by the assessors on the  
4 17 abstracts of assessment for 1979, plus four percent of the  
4 18 amount so determined. The divisor for each class of property  
4 19 shall be the total actual value of all such property in 1979,  
4 20 as equalized by the director of revenue pursuant to section  
4 21 441.49, plus the amount of value added to the total actual  
4 22 value by the revaluation of existing properties in 1980. The  
4 23 director shall utilize information reported on the abstracts

4 24 of assessment submitted pursuant to section 441.45 in  
4 25 determining such percentage. For valuations established as of  
4 26 January 1, 1980, property valued by the department of revenue  
4 27 pursuant to chapters 428, 433, 437, and 438 shall be assessed  
4 28 at a percentage of its actual value. The percentage shall be  
4 29 determined by the director of revenue in accordance with the  
4 30 provisions of this section. For valuations established as of  
4 31 January 1, 1980, the percentage shall be the quotient of the  
4 32 dividend and divisor as defined in this section. The dividend  
4 33 shall be the total actual valuation established for 1979 by  
4 34 the department of revenue, plus eight percent of the amount so  
4 35 determined. The divisor for property valued by the department  
5 1 of revenue pursuant to chapters 428, 433, 437, and 438 shall  
5 2 be the valuation established for 1979, plus the amount of  
5 3 value added to the total actual value by the revaluation of  
5 4 the property by the department of revenue as of January 1,  
5 5 1980. For valuations established as of January 1, 1981, and  
5 6 each year thereafter, the percentage of actual value as  
5 7 equalized by the director of revenue as provided in section  
5 8 441.49 at which commercial property and industrial property,  
5 9 excluding properties referred to in section 427A.1, subsection  
5 10 7, shall be assessed shall be calculated in accordance with  
5 11 the methods provided herein, except that any references to six  
5 12 percent in this subsection shall be four percent. For  
5 13 valuations established as of January 1, 1981, and each year  
5 14 thereafter, the percentage of actual value at which property  
5 15 valued by the department of revenue pursuant to chapters 428,  
5 16 433, 437, and 438 shall be assessed shall be calculated in  
5 17 accordance with the methods provided herein, except that any  
5 18 references to ten percent in this subsection shall be eight  
5 19 percent. Beginning with valuations established as of January  
5 20 1, 1979, and each year thereafter, property valued by the  
5 21 department of revenue pursuant to chapter 434 shall also be  
5 22 assessed at a percentage of its actual value which percentage  
5 23 shall be equal to the percentage determined by the director of  
5 24 revenue for commercial property, industrial property, or  
5 25 property valued by the department of revenue pursuant to  
5 26 chapters 428, 433, 437, and 438, whichever is lowest.

5 27 b. Notwithstanding paragraph "a", commercial property that  
5 28 is an apartment building, a mobile home park, a manufactured  
5 29 home community, or a land=leased community shall be assessed  
5 30 at a percentage of its actual value, as equalized by the  
5 31 director of revenue as provided in section 441.49, as follows:

5 32 (1) For valuations established for the assessment year  
5 33 beginning January 1, 2007, ninety percent of actual value.

5 34 (2) For valuations established for the assessment year  
5 35 beginning January 1, 2008, eighty percent of actual value.

6 1 (3) For valuations established for the assessment year  
6 2 beginning January 1, 2009, seventy percent of actual value.

6 3 (4) For valuations established for the assessment year  
6 4 beginning January 1, 2010, sixty percent of actual value.

6 5 (5) For valuations established for the assessment year  
6 6 beginning January 1, 2011, and each year thereafter, forty=six  
6 7 percent of actual value.

6 8 c. As used in paragraph "b":

6 9 (1) "Apartment building" means the land and building used  
6 10 primarily for human habitation and containing three or more  
6 11 separate living quarters, as well as structures and  
6 12 improvements used primarily as a part of or in conjunction  
6 13 with such land and building. "Apartment building" does not  
6 14 include a hotel, motel, inn, or other building where rooms are  
6 15 usually rented for less than one month, a nursing home, or a  
6 16 rest home.

6 17 (2) "Land=leased community" means the same as defined in  
6 18 sections 335.30A and 414.28A.

6 19 (3) "Manufactured home community" means the same as a  
6 20 land=leased community.

6 21 (4) "Mobile home park" means the same as defined in  
6 22 section 435.1.

6 23 EXPLANATION

6 24 This bill sets a percentage of actual value at which  
6 25 residential property and commercial property that is an  
6 26 apartment building, a mobile home park, a manufactured home  
6 27 community, or a land=leased community are to be assessed for  
6 28 property tax purposes.

6 29 The bill provides that the percentage of actual value at  
6 30 which residential property may be assessed shall not be  
6 31 reduced below 46 percent beginning with assessments made  
6 32 January 1, 2007, for taxes payable in FY 2008=2009.

6 33 The bill also provides that for the 2007 assessment year,  
6 34 the percentage of actual value at which commercial property

6 35 that is an apartment building, a mobile home park, a  
7 1 manufactured home community, or a land=leased community shall  
7 2 be assessed is 90 percent of actual value. For the 2008  
7 3 assessment year, the percentage is 80 percent of actual value.  
7 4 For the 2009 assessment year, the percentage is 70 percent of  
7 5 actual value. For the 2010 assessment year, the percentage is  
7 6 60 percent of actual value. For the 2011 assessment year, and  
7 7 subsequent assessment years, the percentage is 46 percent of  
7 8 actual value.  
7 9 The bill creates the commercial property replacement fund  
7 10 and appropriates \$18 million annually to the fund for the  
7 11 fiscal period beginning July 1, 2008, and ending June 30,  
7 12 2013. A county, on behalf of the county and each city in the  
7 13 county, may, for those fiscal years, claim reimbursement for  
7 14 revenues lost due to the phaseout of the assessment down to 46  
7 15 percent on commercial property that is an apartment building,  
7 16 a mobile home park, a manufactured community, or a land=leased  
7 17 community.  
7 18 LSB 6631XK 81  
7 19 sc:rj/je/5.1